

New U.S.-Soviet Trade Pact Stirs Criticism in Congress

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WASHINGTON, April 30 — The structure of a new Soviet-American trade agreement, as well as its timing in the midst of the Lithuania independence crisis, is raising opposition in Congress.

The agreement, which was reached in broad terms last Thursday among negotiators in Paris, was quickly criticized the next day by nine Republican Senators who called on the Administration to renounce the agreement because of Moscow's policies toward Lithuania.

But the accord is also raising concern because it makes extensive use of sideletters, which are documents signed by governments that traditionally elaborate points of a diplomatic text.

In this case, many Soviet concessions are contained in sideletters rather than in the main text. •

The reason, said a State Department official, is the United States' de-

sire to accommodate the Soviet Union. "They wanted it for optics on their side, and we went along," the official said, adding that any commitments in the sideletters carry the same weight as provisions in the main agreement.

The perception of some lawmakers, however, is that the sideletters represent a lesser degree of commitment on the concessions the United States wants from the Soviet Union. Those concessions are intended to help balance the lower tariffs on exports that the United States would grant to the Soviet Union under the pact.

A Congressional aide complained, "This appears to be a jerry-built-quick fix, based on the desire of both sides to show progress on the economic issues before the summit and of the Bush Administration to show support for Gorbachev at this time of trial."

The pact is expected to be ready for signature during the summit meeting

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in Washington May 30-June 3 between the Soviet President, Mikhail S. Gorbachev, and President Bush.

Under the agreement, the United States would provide so-called most-favored-nation tariff treatment, cutting tariffs on some Soviet items, like vodka, textiles and certain kinds of fertilizers and minerals, and putting Moscow in the same trade category as most other American partners for the first time in a half-century. Tariffs on some items could be cut by as much as 80 to 90 percent.

In addition to providing most-favored-nation treatment, the agreement contains these elements:

¶ Each side could open a trade office in the other country to advertise, meet with potential purchasers and otherwise promote commerce, although the office could not be used to make direct retail sales. They would also be able to have offices in their embassies to facilitate trade.

¶ Each country's commercial laws and regulations would be made readily available to the other. This information is already obtainable in the United States in public libraries, but it is closely held in the Soviet Union and tends to inhibit American business executives.

¶ The countries agreed to protect intellectual property and to abide by international conventions in this area. This is already done in the United States, but not in the Soviet Union.

¶ The negotiators established regulations involving the use of dollars, rubles and third-country currency in trade transactions. The precise rules have not been made public.

¶ They also agreed that if one country flooded the other's markets with a particular product, the other country had the right to stop those imports

without endangering other trade agreements.

Some of the main American demands that have been met chiefly in the sideletters instead of in the central text are protection of patents, copyrights, trademarks and other intellectual property, full repatriation of profits for American companies with Soviet operations and improved working conditions for American business operators in the Soviet Union.

The pact has yet to be published, but the sideletters have drawn criticism because of what some see as previous bad experiences with the structure.

"We've had some bad experience with the Japanese and sideletters,"

Nine Republicans, citing Lithuania, want the accord renounced.

said an aide to Senator Frank H. Murkowski, Republican of Alaska, who is usually supportive of Bush Administration foreign policy initiatives. "The sideletters here are going to be looked at very closely."

Dispute Over FSX Recalled

The reference was to a 1986 accord with Japan in which a sideletter, and not the main agreement, committed Japan to more than double American penetration of the Japanese computer chip market over five years.

For some time, the Tokyo authorities were unwilling to acknowledge even the existence of the sideletter.

Only recently has Tokyo publicly accepted that the market penetration commitment exists.

The degree of commitment in a sideletter came up, also with Japan, in a dispute over the advanced jet fighter aircraft called the FSX that Japan and the United States have agreed to build together.

Many members of Congress last year wanted to rewrite the production agreement that the Defense Department had already concluded with Japan to provide better terms for the United States.

The Pentagon offered to deal with the Congressional complaints through a sideletter, but Congressional critics insisted on changes in the main text, which the Bush Administration then reluctantly agreed to and negotiated with Japan.

A Bush Administration trade official said there is "absolutely no difference" between a commitment in a sideletter and one in the main text, adding, "They both have the same degree of commitment and legality."

But the Administration does not speak with a single voice on this issue. A second Bush official from a different department termed the sideletters in this agreement "chiefly statements of intentions by the Soviets." Both spoke only on condition that they not be identified.

While the Administration risks a fight with Congress on the degree of Soviet commitment, it has backed off from what could be an even bigger confrontation by keeping Export-Import Bank credits off limits.